Consolidated Financial Results for the Three Months Ended June 30, 2017
(Prepared pursuant to Japanese GAAP)

August 9, 2017

Company name:	MEGMILK SNOW BRAND Co., Ltd.
Stock exchange listing:	Tokyo Stock Exchange (First Section), Sapporo Securities Exchange
Stock code:	2270
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(Amounts rounded down to the nearest million yen)

1. Consolidated Results for the First Quarter of the Fiscal Year Ending March 31, 2018 (April 1, 2017 – June 30, 2017)

(1) Consolidated Operating Results (Percentages indicate year-over-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Three months ended June 30, 2017	149,860	1.5	5,804	10.8	6,127	17.8	3,326	(5.5)
Three months ended June 30, 2016	147,605	2.9	5,239	40.4	5,202	41.1	3,519	42.4

Note: Comprehensive income: Three Months Ended June 30, 2017: 3,891 million yen (15.2%)
Three Months Ended June 30, 2016: 3,376 million yen (26.5%)

	Profit per share – basic	Profit per share – diluted
	yen	yen
Three months ended June 30, 2017	49.04	–
Three months ended June 30, 2016	51.89	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net asset per share
	millions of yen	millions of yen	%	yen
June 30, 2017	344,751	146,833	41.9	2,130.35
March 31, 2017	341,507	145,485	41.9	2,110.80

For reference:
Equity: June 30, 2017: 144,503 million yen
March 31, 2017: 143,179 million yen

2. Dividends

	Cash dividends per share				
Record date or period	End-Q1	End-Q2	End-Q3	Year-end	Total
	yen	yen	yen	yen	yen
Year ended March 31,2017	—	—	—	40.00	40.00
Year ending March 31,2018	—				
Year ending March 31,2018 (forecast)		—	—	40.00	40.00

Note: Revisions from the latest release of dividend forecasts: None

3. Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2018 (April 1, 2017 – March 31, 2018)

(Percentages indicate year-over-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share – basic
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
Six months ending September 30, 2017	303,500	1.4	10,000	(8.1)	10,500	(5.6)	6,800	(8.1)	100.25
Full Year	600,000	2.1	19,500	4.0	20,500	1.1	13,000	0.1	191.65

Note: Revisions from the latest release of earnings forecasts: None

Notes

(1) Material reclassifications of subsidiaries during the period: None

(2) Accounting methods specific to quarterly consolidated financial statements: None

(3) Changes in accounting policy, changes in accounting estimates, and retrospective restatement
1) Changes in accordance with amendments to accounting standards, etc.: None
2) Changes other than noted in 1) above: None
3) Changes in accounting estimates: None
4) Retrospective restatement: None

(4) Common stock issued
1) Issued shares as of period-end (including treasury stock):
June 30, 2017: 70,751,855 shares
March 31, 2017: 70,751,855 shares
2) Treasury stock as of period-end:
June 30, 2017: 2,920,718 shares
March 31, 2017: 2,919,856 shares
3) Average number of shares (during the respective three-month period):
Three months ended June 30, 2017: 67,831,606 shares
Three months ended June 30, 2016: 67,836,681 shares

***This report is not subject to quarterly review.**

***Appropriate Use of Earnings Forecasts and Other Important Information**

(Earnings Forecasts)

Business forecasts contained in this report are based on the assumptions of management in the light of information available as of the release of this report. MEGMILK SNOW BRAND makes no assurances as to the actual results, which may differ from forecasts due to various factors such as changes in the business environment.

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1. Operating Results

(1) Overview of Operating Results

In the three months ended June 30, 2017, the gradual underlying recovery trend in the Japanese economy continued. However, the economic outlook remains uncertain because of uncertainties in overseas economies and concern about instability centered on financial markets.

Although consumer spending is gradually picking up, the trend for consumers to seek value commensurate with price is gaining impetus. In the food industry, as consumer orientation diversifies along the lines of low-price products and high-value-added products, the demand picture is patchy. There is movement to pass on cost increases to prices in some sectors, and products that emphasize new value are being introduced.

In this business environment, in accordance with the newly instituted Group Medium-term Management Plan 2019, the MEGMILK SNOW BRAND Group endeavored to strengthen the earnings base in preparation for future growth through efforts to create multiple earnings bases and maximize cash flow, strategic sales expansion of high-value-added products such as functional yogurt, market share expansion for cheese and other mainstay products, and expansion into new markets in the Nutrition business sector.

As a result of these developments, in the three months ended June 30, 2017 consolidated net sales were ¥149,860 million (an increase of 1.5% over the same period of the previous fiscal year), operating profit was ¥5,804 million (up 10.8%), ordinary profit was ¥6,127 million (up 17.8%), and profit attributable to owners of parent was ¥3,326 million (down 5.5%).

Because of its increased importance, SBS Fleck Co., Ltd. is treated as an equity-method affiliate beginning in the three months ended June 30, 2017.

Operating results by business segment for the three months ended June 30, 2017 were as follows. Net sales and operating profit by segment are calculated based on sales to outside customers.

1) Dairy Products Business

This segment comprises the manufacture and sale of dairy products (cheese, butter, powdered milk), margarine, nutrition business products (functional foods and infant formula), and other products.

Net sales were ¥58,265 million (an increase of 2.7% over the same period of the previous fiscal year), and operating profit was ¥3,025 million (up 7.8%).

Although sales of margarine continued to decline in a sluggish market, overall segment sales increased due to continued efforts to ensure a stable supply of butter and strong performance from *6P Cheese*, *Sakeru Cheese*, and other cheese products attributable to the impact of promotion activities in a growing market.

Operating profit increased due to factors including sales growth from cheese.

2) Beverage & Dessert Business

This segment comprises the manufacture and sale of drinking milk, fruit juice beverages, yogurt, dessert, and other products.

Net sales were ¥70,656 million (an increase of 0.6% from the same period of the previous fiscal year), and operating profit was ¥1,855 million (up 18.6%).

Overall segment sales increased as a result of factors including continued promotion of the functions of lactobacillus gasseri SP, the Company's own lactobacillus, in yogurt products and strong beverage sales.

Operating profit increased as a result of factors including sales growth from functional yogurt.

3) Feed and Seeds Business

This segment comprises the manufacture and sale of cattle feed, pasture forage/crop and vegetable seeds, and other products.

Net sales were ¥12,211 million (an increase of 4.4% from the same period of the previous fiscal year), and operating profit was ¥758 million (up 28.2%).

Both sales and profit increased due to the impact of higher sales of pasture forage and crop seed and an increase in selling prices of compound feeds, among other factors.

4) Other Businesses

This segment comprises real estate rental, joint distribution center services, and other businesses.

Net sales in this segment were ¥8,727 million (a decrease of 2.3% from the same period of the previous fiscal year), and operating profit was ¥142 million (down 34.8%).

(2) Analysis of Financial Condition

1) Assets, liabilities, and net assets

Assets

Total assets as of June 30, 2017 increased by ¥3,244 million from the previous fiscal year-end. The change is mainly attributable to increases in notes and accounts receivable-trade, buildings and structures, and merchandise and finished goods, which offset decreases in cash and deposits.

Liabilities

Total liabilities as of June 30, 2017 increased by ¥1,896 million from the previous fiscal year-end. The change is mainly attributable to an increase in notes and accounts payable-trade, which offset a decrease in income taxes payable.

Net assets

Total net assets as of June 30, 2017 increased by ¥1,347 million from the previous fiscal year-end. The change is mainly attributable to increases in retained earnings and valuation difference on available-for-sale securities.

2) Cash flows

Cash and cash equivalents on a consolidated basis as of June 30, 2017 totaled ¥10,447 million. The following is a summary of consolidated cash flows and factors affecting cash flows for the three months ended June 30, 2017.

Cash flows from operating activities

Operating activities provided net cash of ¥1,351 million, a ¥3,759 million increase in cash provided from the ¥2,407 million in cash used in the three months ended June 30, 2016. The change is mainly attributable to a decrease in income taxes paid.

Cash flows from investing activities

Investing activities used net cash of ¥3,636 million, a ¥312 million increase in cash used from the ¥3,323 million used in the three months ended June 30, 2016. The change is mainly attributable to an increase in purchase of property, plant and equipment and intangible assets, which offset an increase in proceeds from sales of property, plant and equipment and intangible assets.

Cash flows from financing activities

Financing activities used net cash of ¥3,233 million, a ¥6,480 million increase in cash used from the ¥3,246 million provided in the three months ended June 30, 2016. The change is mainly attributable to a net decrease in short-term loans payable and an increase in cash dividends paid, which offset a decrease in repayment of long-term loans payable.

(3) Explanation of Forward-Looking Statements, including the Forecast of Consolidated Results

There is no revision to the forecast of consolidated results disclosed in the Summary of Financial Results of May 11, 2017.

2. Quarterly Consolidated Financial Statements and Notes
(1) Quarterly Consolidated Balance Sheets

Items	As of March 31, 2017	As of June 30, 2017
	millions of yen	millions of yen
Assets		
Current assets		
Cash and deposits	16,657	10,995
Notes and accounts receivable-trade	65,063	70,604
Merchandise and finished goods	35,021	36,912
Work in process	905	1,251
Raw materials and supplies	12,524	12,640
Deferred tax assets	4,556	4,477
Other	4,472	4,980
Allowance for doubtful accounts	(535)	(585)
Total current assets	138,665	141,277
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	45,452	47,569
Machinery, equipment and vehicles, net	56,921	56,073
Land	50,057	50,376
Other, net	12,164	10,369
Total property, plant and equipment	164,596	164,389
Intangible assets	4,929	4,821
Investments and other assets		
Investment securities	26,015	26,865
Deferred tax assets	2,126	2,102
Other	5,933	6,052
Allowance for doubtful accounts	(759)	(758)
Total investments and other assets	33,316	34,262
Total Non-current assets	202,842	203,473
Total assets	341,507	344,751

Items	As of March 31, 2017	As of June 30, 2017
	millions of yen	millions of yen
Liabilities		
Current liabilities		
Notes and accounts payable-trade	59,886	63,263
Short-term loans payable	29,406	29,365
Income taxes payable	2,902	1,811
Provision for bonuses	5,285	2,821
Other	23,579	25,241
Total current liabilities	121,060	122,504
Non-current liabilities		
Long-term loans payable	47,304	47,070
Deferred tax liabilities	1,093	1,790
Deferred tax liabilities for land revaluation	3,982	3,982
Provision for director's retirement benefits	137	20
Provision for gift token exchange	203	198
Net defined benefit liabilities	8,229	8,380
Asset retirement obligations	2,284	2,080
Other	11,726	11,889
Total Non-current liabilities	74,961	75,413
Total liabilities	196,022	197,918
Net assets		
Shareholders' equity		
Capital stock	20,000	20,000
Capital surplus	17,583	17,583
Retained earnings	97,336	98,123
Treasury stock	(4,571)	(4,574)
Total shareholders' equity	130,348	131,132
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,400	5,849
Deferred gains or losses on hedges	(199)	(189)
Revaluation reserve for land	8,954	8,954
Foreign currency translation adjustment	250	309
Remeasurements of defined benefit plans	(1,574)	(1,552)
Total accumulated other comprehensive income	12,831	13,371
Non-controlling interests	2,306	2,329
Total net assets	145,485	146,833
Total liabilities and net assets	341,507	344,751

(2) Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Quarterly Consolidated Statements of Income

Items	Three months ended June 30,2016	Three months ended June 30,2017
	millions of yen	millions of yen
Net sales	147,605	149,860
Cost of sales	112,124	112,373
Gross profit	35,480	37,486
Selling, general and administrative expenses	30,241	31,682
Operating profit	5,239	5,804
Non-operating income		
Interest income	4	5
Dividend income	155	158
Equity in earnings of affiliates	95	126
Foreign exchange gains	―	33
Other	196	307
Total non-operating income	451	631
Non-operating expenses		
Interest expenses	179	138
Foreign exchange losses	147	―
Other	161	168
Total non-operating expenses	488	307
Ordinary profit	5,202	6,127
Extraordinary income		
Gain on sales of non-current assets	51	8
Gain on sales of investment securities	0	7
Other	10	1
Total extraordinary income	62	17
Extraordinary loss		
Loss on sales of non-current assets	0	84
Loss on retirement of non-current assets	144	258
Impairment loss	28	45
Other	1	20
Total extraordinary loss	174	408
Profit before income taxes	5,090	5,737
Income taxes	1,560	2,389
Profit	3,529	3,347
Profit (loss) attributable to non-controlling interests	9	21
Profit attributable to owners of parent	3,519	3,326

Quarterly Consolidated Statements of Comprehensive Income

Items	Three months ended June 30,2016	Three months ended June 30,2017
	millions of yen	millions of yen
Profit	3,529	3,347
Other comprehensive income		
Valuation difference on available-for-sale securities	(82)	448
Deferred gains or losses on hedges	(68)	10
Foreign currency translation adjustment	(69)	58
Remeasurements of defined benefit plans	60	22
Share of other comprehensive income of entities accounted for using equity method	7	3
Total other comprehensive income	(153)	543
Comprehensive income	3,376	3,891
Comprehensive income attributable to owners of parent	3,371	3,866
Comprehensive income attributable to non-controlling interests	5	24

(3) Quarterly Consolidated Statements of Cash flows

	Three months ended June 30,2016	Three months ended June 30,2017
	millions of yen	millions of yen
Cash flows from operating activities		
Profit before income taxes	5,090	5,737
Depreciation and amortization	3,640	3,741
Impairment loss	28	45
Equity in (earnings) losses of affiliates	(95)	(126)
Increase (decrease) in allowance for doubtful accounts	(3)	48
Increase (decrease) in provision for bonuses	(1,488)	(2,463)
Decrease (increase) in net defined benefit assets	—	(180)
Increase (decrease) in net defined benefit liability	45	151
Increase (decrease) in provision for gift token exchange	(3)	(4)
Increase (decrease) in provision for directors' retirement benefits	(142)	(117)
Loss (gain) on sales and retirement of non-current assets	93	335
Interest and dividend income received	(159)	(163)
Interest expenses	179	138
Decrease (increase) in notes and accounts receivable-trade	(3,478)	(5,541)
Decrease (increase) in inventories	(1,172)	(2,352)
Increase (decrease) in notes and accounts payable-trade	(579)	3,086
Other	1,727	1,332
Sub total	3,681	3,666
Interest and dividend income	208	237
Interest expenses paid	(158)	(116)
Income taxes paid	(6,138)	(2,435)
Net cash provided by (used in) operating activities	(2,407)	1,351

	Three months ended June 30,2016	Three months ended June 30,2017
	millions of yen	millions of yen
Cash flows from investing activities		
Payments into time deposits	(22)	(22)
Proceeds from withdrawal of time deposits	31	190
Payments of loans receivable	(120)	(199)
Collection of loans receivable	124	200
Purchase of property, plant and equipment and intangible assets	(3,469)	(4,172)
Proceeds from sales of property, plant and equipment and intangible assets	137	360
Purchase of investment securities	(4)	(4)
Proceeds from sales of investment securities	0	11
Other	(0)	(0)
Net cash provided by (used in) investing activities	(3,323)	(3,636)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	7,529	68
Repayment of long-term loans payable	(2,096)	(343)
Purchase of treasury stock	(2)	(2)
Cash dividends paid	(1,918)	(2,571)
Cash dividends paid to non-controlling interests	(2)	(0)
Other	(262)	(383)
Net cash provided by (used in) financing activities	3,246	(3,233)
Effect of exchange rate on cash and cash equivalents	(21)	24
Net increase (decrease) in cash and cash equivalents	(2,505)	(5,493)
Cash and cash equivalents at beginning of period	14,797	15,940
Cash and cash equivalents at end of period	12,292	10,447

(4) Notes to the Quarterly Consolidated Financial Statements

(Notes on the assumption of a going-concern)

Not applicable.

(Notes Concerning Significant Changes in Shareholders' Equity (if any))

Not applicable.

(Segment and Other Information)

[Segment Information]

Sales and income/loss by reportable segment

Three months ended June 30, 2016 (April 1 to June 30, 2016)

(Millions of yen)

	Reportable segment				Other (note 1)	Total	Adjustments (note 2)	Amount recorded on consolidated statements of income (note 3)
	Dairy products business	Beverage and dessert business	Feed and seeds business	Total				
Net sales								
Sales to outside customers	56,706	70,264	11,700	138,672	8,933	147,605	—	147,605
Inter-segment sales and transfers	3,143	7	232	3,382	2,919	6,302	(6,302)	—
Total	59,850	70,271	11,933	142,055	11,853	153,908	(6,302)	147,605
Segment income	2,805	1,564	591	4,961	217	5,179	60	5,239

Notes: 1. "Other" comprises businesses, such as real estate rental and joint distribution center services that are not included in reportable segments.
2. The 60 million yen adjustment for segment income is for elimination of intersegment transactions.
3. Segment income adjustments are based on operating profit reported on the quarterly consolidated statements of income for the corresponding period.

Three months ended June 30, 2017 (April 1 to June 30, 2017)

(Millions of yen)

	Reportable segment				Other (note 1)	Total	Adjustments (note 2)	Amount recorded on consolidated statements of income (note 3)
	Dairy products business	Beverage and dessert business	Feed and seeds business	Total				
Net sales								
Sales to outside customers	58,265	70,656	12,211	141,132	8,727	149,860	—	149,860
Inter-segment sales and transfers	3,445	8	230	3,684	3,111	6,796	(6,796)	—
Total	61,711	70,665	12,441	144,817	11,838	156,656	(6,796)	149,860
Segment income	3,025	1,855	758	5,639	142	5,781	23	5,804

Notes: 1. “Other” comprises businesses, such as real estate rental and joint distribution center services that are not included in reportable segments.
2. The 23 million yen adjustment for segment income is for elimination of intersegment transactions.
3. Segment income adjustments are based on operating profit reported on the quarterly consolidated statements of income for the corresponding period.

3. Supplementary Information

(1) Year-on-Year Comparisons

(i) Quarterly Consolidated Balance Sheet

(Unit: 100 million yen)

	Year ended March 2017	Three months ended June 30, 2017	Net change
(Current assets)	1,386	1,412	26
Cash and deposits	166	109	-56
Receivables	650	706	55
Inventory assets	484	508	23
Deferred tax assets	45	44	-0
Other	39	43	4
(Non-current assets)	2,028	2,034	6
Property, plant and equipment	1,645	1,643	-2
Intangible assets	49	48	-1
Investment securities	260	268	8
Deferred tax assets	21	21	-0
Other	51	52	1
Total assets	3,415	3,447	32

	Year ended March 2017	Three months ended June 30, 2017	Net change
(Current liabilities)	1,210	1,225	14
Payables	598	632	33
Short-term loans payable	294	293	-0
Other	317	298	-18
(Non-current liabilities)	749	754	4
Long-term loans payable	473	470	-2
Net defined benefit liabilities	82	83	1
Other	194	199	5
Total liabilities	1,960	1,979	18
Shareholders' equity	1,431	1,445	13
Non-controlling interests	23	23	0
Total net assets	1,454	1,468	13
Total liabilities/net assets	3,415	3,447	32

(ii) Quarterly Consolidated Statement of Income

(Unit: 100 million yen)

	Three months ended June 30, 2016		Three months ended June 30, 2017		Net change	
	Result	Vs. Sales	Result	Vs. Sales	Amount	Year-on-year change (%)
Net sales	1,476	100.0%	1,498	100.0%	22	1.5%
Cost of sales	1,121	76.0%	1,123	75.0%	2	0.2%
Selling, general and administrative expenses	302	20.5%	316	21.1%	14	4.8%
Operating profit	52	3.5%	58	3.9%	5	10.8%
Non-operating income	4	0.3%	6	0.4%	1	39.8%
Non-operating expenses	4	0.3%	3	0.2%	-1	-37.1%
Ordinary profit	52	3.5%	61	4.1%	9	17.8%
Extraordinary income	0	0.0%	0	0.0%	-0	-71.9%
Extraordinary loss	1	0.1%	4	0.3%	2	133.3%
Profit before adjustment for taxes etc.	50	3.4%	57	3.8%	6	12.7%
Income taxes	15	1.1%	23	1.6%	8	53.1%
Gains (losses) attributable to non-controlling interests	0	0.0%	0	0.0%	0	117.8%
Profit attributable to owners of parent	35	2.4%	33	2.2%	-1	-5.5%

(iii) Quarterly Consolidated Statements of Comprehensive Income

(Unit: 100 million yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017	Net change	
	Result	Result	Amount	Year-on-year change (%)
Profit	35	33	-1	-5.2%
Total other comprehensive income	-1	5	6	―
Comprehensive income	33	38	5	15.2%
(of which, comprehensive income attributable to non-controlling interests:)	0	0	0	383.8%

(iv) Quarterly Consolidated Statement of Cash flows (Unit: 100 million yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017	Amount of net change
	Result	Result	
I Cash flows from operating activities	-24	13	37
II Cash flows from investing activities	-33	-36	-3
III Cash flows from financing activities	32	-32	-64
IV Effect of exchange rate on cash and cash equivalents	-0	0	0
V Amount of net change in cash and cash equivalents	-25	-54	-29
VI Cash and cash equivalents at beginning of period	147	159	11
VII Cash and cash equivalents at end of period	122	104	-18
(Ref.) Free cash flow (I + II)	-57	-22	34

(v) Results for each consolidated segment (Unit: 100 million yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017	Net change	
	Result	Result	Amount	Year-on-year change (%)
[Net sales]				
Dairy products business	567	582	15	2.7%
Beverage and dessert business	702	706	3	0.6%
Feed and seeds business	117	122	5	4.4%
Other	89	87	-2	-2.3%
Total	1,476	1,498	22	1.5%
[Operating profit]				
Dairy products business	28	30	2	7.8%
Beverage and dessert business	15	18	2	18.6%
Feed and seeds business	5	7	1	28.2%
Other	2	1	-0	-34.8%
Total	52	58	5	10.8%

(Notes) 1. Main types of goods traded by business segment

Dairy Products Business: Dairy products (cheese, butter, milk powder etc.); fats & oils; Nutrition business (functional food products, infant formula etc.) etc.

Beverage & Dessert Business: beverages (milk drinks, fruit juice beverages etc.); yogurts; desserts etc.

Feed and Seeds Business: Cattle feed; Pasture forage and crop seed; vegetable seeds etc.

Other: Real estate leasing; joint distribution center services etc.

2. The net sales for each segment list the figures for external customers.

Note that figures for external customers are also used in the year-on-year comparisons.

(vi) Consolidated sales by product of each segment

Dairy Products (Unit: 100 million yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017	Net change	
	Result	Result	Amount	Year-on-year change (%)
Butter	50	50	0	0.3%
Oils & fats	34	33	-0	-1.6%
Cheese	183	191	7	4.3%
Other	80	84	3	4.5%
Total on a non-consolidated basis	348	360	11	3.2%
Subsidiaries and others	218	222	4	2.0%
Total on a consolidated basis	567	582	15	2.7%

(Note) Subsidiaries and others includes the sales by subsidiaries and the total effects from accounting for consolidation (intercompany elimination etc.).

Nutrition business of Dairy Products (Unit: 100 million yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017	Net change	
	Result	Result	Amount	Year-on-year change (%)
Functional food products	7	10	2	33.3%
Infant formula and other	39	37	-1	-4.9%
Total on a consolidated basis	47	48	0	1.9%

(Note) These figures are on a consolidated basis (intercompany elimination etc.)

Beverage and Dessert (Unit: 100 million yen)

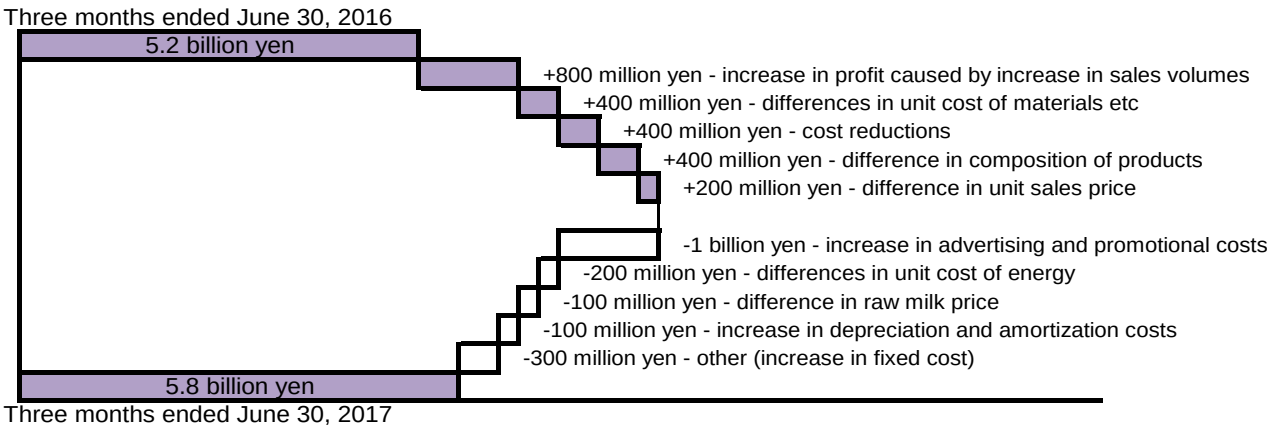
	Three months ended June 30, 2016	Three months ended June 30, 2017	Net change	
	Result	Result	Amount	Year-on-year change (%)
White drinks	213	215	1	0.8%
Colored drinks	118	119	0	0.2%
Yogurt	138	144	5	3.8%
Desserts & fresh cream	60	60	-0	-0.5%
Other	9	7	-1	-18.0%
Total on a non-consolidated basis	541	546	5	1.0%
Subsidiaries and others	161	159	-1	-0.9%
Total on a consolidated basis	702	706	3	0.6%

(Note) Subsidiaries and others includes the sales by subsidiaries and the total effects from accounting for consolidation (intercompany elimination etc.).

Feed and Seeds (Unit: 100 million yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017	Net change	
	Result	Result	Amount	Year-on-year change (%)
Feedstuffs	84	86	1	2.2%
Seed products	32	35	3	9.9%
Total on a consolidated basis	117	122	5	4.4%

(vii) Causes of net changes in consolidated operating profit



Details of consolidated operating profit by segment

(Unit: 100 million yen)

	Factors behind changes	Total	Dairy products business	Beverage and dessert business	Feed and seeds business	Other
Factors behind increase in profit	Increase in profit caused by increase in sales volumes	8	5	2	1	0
	Differences in unit cost of materials etc.	4	2	1	1	0
	Cost reductions	4	4	0	0	0
	Difference in composition of products	4	0	4	0	0
	Difference in unit sales price	2	1	0	2	-1
	Subtotal	22	12	7	4	-1
Factors behind the decrease in profit	Increase in advertising and promotional costs	-10	-8	-1	0	0
	Differences in unit cost of energy	-2	-2	0	0	0
	Difference in raw milk price	-1	-1	0	0	0
	Increase in depreciation and amortization costs	-1	0	0	0	0
	Other (increase in fixed cost)	-3	1	-2	-2	0
		-17	-10	-4	-2	0
Total		5	2	2	1	0

* Amounts rounded down to the nearest 100 million yen

(2) Consolidated earnings forecast for fiscal year ended March 2018

(There is no revision from the forecast disclosed in the Summary of Financial Results announced on May 11, 2017.)

(i) Consolidated earnings

(Unit: 100 million yen)

	Year ending March 2018 - full year figures			
	April 1, 2017 - September 30, 2017		April 1, 2017 - March 31, 2018	
	Forecast	Year-on-year change (%)	Forecast	Year-on-year change (%)
Net sales	3,035	1.4%	6,000	2.1%
Operating profit	100	-8.1%	195	4.0%
Ordinary profit	105	-5.6%	205	1.1%
Profit attributable to owners of parent	68	-8.1%	130	0.1%

(ii) Each consolidated segment (Unit: 100 million yen)

	Year ending March 2018 - full year figures			
	April 1, 2017 - September 30, 2017		April 1, 2017 - March 31, 2018	
	Forecast	Year-on-year change (%)	Forecast	Year-on-year change (%)
[Net sales]				
Dairy products business	1,156	1.0%	2,375	2.2%
Beverage and dessert business	1,474	2.4%	2,842	2.4%
Feed and seeds business	222	-1.8%	421	-2.1%
Other	183	-0.5%	362	3.2%
Total	3,035	1.4%	6,000	2.1%
[Operating profit]				
Dairy products business	50	-11.3%	112	-4.4%
Beverage and dessert business	34	4.4%	61	31.9%
Feed and seeds business	10	-13.8%	10	-20.3%
Other	6	-21.0%	12	8.9%
Total	100	-8.1%	195	4.0%

(Note) The net sales for each segment list the figures for external customers.
Note that figures for external customers are also used in the year-on-year comparisons.

(iii) Consolidated sales by product of each segment

Dairy Products (Unit: 100 million yen)

	Year ending March 2018 - full year figures			
	April 1, 2017 - September 30, 2017		April 1, 2017 - March 31, 2018	
	Forecast	Year-on-year change (%)	Forecast	Year-on-year change (%)
Butter	102	0.8%	224	0.8%
Oils & fats	65	0.8%	133	0.7%
Cheese	373	3.4%	768	3.6%
Other	148	-9.9%	301	-8.0%
Total on a non-consolidated basis	688	-0.4%	1,428	0.2%
Subsidiaries and others	467	3.2%	946	5.3%
Total on a consolidated basis	1,156	1.0%	2,375	2.2%

(Note) Subsidiaries and others includes the sales by subsidiaries and the total effects from accounting for consolidation (intercompany elimination etc.). Butter made from excessive milk under a contract for processing, which is included in the results for the fiscal year ended March 31, 2016 (¥800 million for the first six months, and ¥1,700 million for the full year), is included in Other.

Nutrition business of Dairy Products (Unit: 100 million yen)

	Year ending March 2018 - full year figures			
	April 1, 2017 - September 30, 2017		April 1, 2017 - March 31, 2018	
	Forecast	Year-on-year change (%)	Forecast	Year-on-year change (%)
Functional food products	23	49.0%	53	58.0%
Infant formula and other	82	2.6%	163	4.2%
Total on a consolidated basis	106	11.1%	216	13.7%

(Note) These figures are on a consolidated basis (intercompany elimination etc.)

Beverage and Dessert (Unit: 100 million yen)

	Year ending March 2018 - full year figures			
	April 1, 2017 - September 30, 2017		April 1, 2017 - March 31, 2018	
	Forecast	Year-on-year change (%)	Forecast	Year-on-year change (%)
White drinks	413	-3.2%	806	-3.5%
Colored drinks	251	1.6%	453	1.1%
Yogurt	307	10.4%	617	10.2%
Desserts & fresh cream	122	1.2%	249	0.9%
Other	19	2.5%	40	2.0%
Total on a non-consolidated basis	1,115	1.9%	2,165	1.7%
Subsidiaries and others	358	4.1%	676	4.8%
Total on a consolidated basis	1,474	2.4%	2,842	2.4%

(Note) Subsidiaries and others includes the sales by subsidiaries and the total effects from accounting for consolidation (intercompany elimination etc.).

Feed and Seeds (Unit: 100 million yen)

	Year ending March 2018 - full year figures			
	April 1, 2017 - September 30, 2017		April 1, 2017 - March 31, 2018	
	Forecast	Year-on-year change (%)	Forecast	Year-on-year change (%)
Feedstuffs	162	-2.5%	328	-2.6%
Seed products	59	0.1%	92	-0.2%
Total on a consolidated basis	222	-1.8%	421	-2.1%

(3) Non-consolidated net sales by business segment

(Unit: 100 million yen)

	Three months ended June 30, 2016		Three months ended June 30, 2017		Amount of net change
	Result	Year-on-year change (%)	Result	Year-on-year change (%)	
Dairy products business	348	3.7%	360	3.2%	11
(of which, butter)	50	-2.3%	50	0.3%	0
(of which, oils & fats)	34	-8.8%	33	-1.6%	-0
(of which, cheese)	183	6.8%	191	4.3%	7
Beverage and dessert business	541	1.4%	546	1.0%	5
(of which, white drinks)	213	-1.0%	215	0.8%	1
(of which, colored drinks)	118	4.7%	119	0.2%	0
(of which, yogurt)	138	3.2%	144	3.8%	5
(of which, desserts & fresh cream)	60	1.9%	60	-0.5%	-0
Other	5	-1.9%	5	2.3%	0
Total	895	2.2%	912	1.8%	16

(For reference) Market share (of household consumption) of the First Quarter of the Fiscal Year Ending March 31, 2018

Butter:	32.6%
Oils & fats:	35.2%
Cheese:	15.1%
Milk:	6.8%
Milk beverage:	20.0%
Yogurt:	11.2%

(Based on the Company's research for dairy products conducted on the basis of volume; and for beverages & desserts on the basis of monetary value)